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CONTENTS

BEST AVAILABLE COPY

FEATURES

29 INC. COVER STORY
The Entrepreneur of the Year BY JOHN CASE
Our third annual company-building awards

32 EOY 1992: THE WINNERS
Collective Effort BY JOHN CASE

44 EOY 1992: MASTER
Captain Marvel BY EDWARD O. WELLES

50 EOY 1992: EMERGING
Older and Wiser BY LESLIE BROKAW

56 EOY 1992: TURNAROUND
Man of Iron BY ROBERT A. MAMIS

60 EOY 1992: SOCIALLY RESPONSIBLE
Urban Developer BY JOSHUA HYATT

63 EOY 1992: SUPPORTER
Head of the Class BY LESLIE BROKAW

65 GOOD FORM
The Troubleshooter's Guide BY TERI LAMMERS
A comprehensive system for tracking any error in any part of your company to its source—and preventing it from happening again

68 **The 'G' Factor** BY JOSHUA HYATT
Overseas-sales revenues are the least important result of exporting, argues Labconco's John McConnell. The real benefits of going global—and the best reasons to do it—turn up *inside* your company

HANDS ON

97 **Sales and Marketing** EDITED BY TOM RICHMAN
Using sponsors to go global • Marketing shareware • Sales-incentives survey

99 **Managing People** EDITED BY ELLYN E. SPRAGINS
A disabilities-act primer • Recruiting sources • Measuring performance

103 **Banking and Capital** EDITED BY BRUCE G. POSNER
Leasing your acquisition • Employee financing • Venture-capital directories

107 **Financial Strategies** EDITED BY JILL ANDRESKY FRASER
How to protect your cash flow • What do CEOs earn? • Audit survival guide

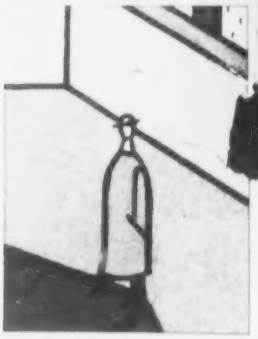
113 **In the Office** EDITED BY ROBERT A. MAMIS
Care and feeding of faxes • Valuation software • What do office managers do?

115 **The *Inc.* Network**

DEPARTMENTS

11 **FYI**
17 **Letters**
21 **The *Inc.* FaxPoll™**
26 **New Businesses**
127 **The American Dream: Business for Sale**

56 Total Turnaround
A failing foundry's extraordinary recovery



68 Going Global
It can benefit your company in unexpected ways

127 Field of Dreams
Baseball team for sale

COVER PHOTOGRAPH
by BRIAN SMALE

The Inc. FaxPoll™

ARE AMERICAN WORKERS WIMPS?

Yes! That was your overwhelming response when we asked this question in our debut FaxPoll last October. In no uncertain terms, you told us that good employees are hard to find and harder to keep—and most of you laid the blame squarely on today's American worker.

IS IT HARDER THAN EVER TO FIND GOOD EMPLOYEES?

80% YES 20% NO

WHY?

EMPLOYER CAN'T FIND PEOPLE WHO ARE WILLING TO WORK HARD

78%

Many of you commented that today's workers expect too much for too little: "Their expectations outrun their qualifications," said one. "They're just out for themselves," said another. "They don't take responsibility."

Though in the minority, several of you took vocal exception to this, instead accusing American managers of abdicating their roles as leaders: "American management, not the American worker, is at the root of our problems!" and "It sure is popular for the yuppie manager to pick on the American worker."

Interestingly, even paradoxically, it seemed to be this minority viewpoint that was reflected in most of your companies' policies. Although you clearly believe that what U.S. employees bring to the party leaves a lot to be desired, you just as clearly accept the responsibility of improving that situation by offering more and better training and better-tailored benefits packages.

HOW IS YOUR COMPANY TRYING TO FIND AND KEEP GOOD PEOPLE?

Offer more training	51%
Provide more information about your business	41%
Be more flexible	40%
Hire and fire until you find the right person	35%
Offer more compensation	30%
Ask less of employees	8%

Only a combined 65% (on many questions, respondents gave multiple answers) see a solution in repeated hiring and firing or in increased compensation, while more than twice as many of you opt for improved training and communication and greater flexibility on the part of the employer. One summed it up this way: "Managers think they cannot take the time or resources to add to their employees' professional growth. Fact is, they cannot afford not to."

In this regard most of you put your money and time where your mouths are, and offer a benefits package that combines compensation incentives with a more flexible work environment.

A company's size, as measured by number of employees, is a strong indicator here of what a benefits package might look like. Smaller companies are more likely to use nonfinancial incentives like flextime (65% of companies with 5 or fewer employees versus 47% of those with 100 or more) and work-at-home options (20% versus 10%), while larger companies are more likely to go with stock options (7% versus 28%) and cafeteria-style benefits (13% to 31%). Companies with 100 or more employees are far more likely to offer maternity leave (65%) than those with 10 or fewer (13%). For companies of all sizes, incentive compensation is frequently offered (62%), while day care is scarce (4%).

WHICH OF THE FOLLOWING DOES YOUR COMPANY OFFER WORKERS?

Incentive compensation	62%
Flextime	46%
Maternity leave	35%
Cafeteria-style benefits	21%
Job sharing	18%
Work at home	17%
Stock or options	13%
Day care	4%
Profit sharing	4%

No surprises here. While most of you showed some favoritism to your own age group, you strongly subscribe to the conventional notion that workers are most productive in their so-called prime, ages 36 to 45. But are you missing an opportunity here? Are good workers in the under-25 and over-55 categories being overlooked? They might have the solution to some of your problems: young workers are eminently trainable; older workers are often highly skilled and disciplined—and compensation may be a secondary consideration for both groups.

IN WHICH AGE GROUP ARE WORKERS MOST WILLING AND ABLE TO PROVIDE A DAY'S WORK FOR A DAY'S PAY?

18–25	6%
26–35	26%
36–45	38%
46–55	23%
Over 55	6%

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(WORK FORCE, from page 99)

companies to be in compliance:

- **Revise job descriptions.** The act requires you to hire any qualified person with a disability as long as that person can perform, with or without "reasonable accommodation," the essential functions of the job. You must specify what's essential in job descriptions.
- **Create accommodation guidelines.** Set up an employee review board to establish and publish guidelines for making accommodations.
- **Expunge health questions.** Don't ask, "Is there any physical or mental condition that would prevent you from performing this job?" on application forms or in an interview. Questions about previous on-the-job injuries are forbidden.
- **Ban most physicals.** You can't ask someone to take a medical exam before you make a job offer. And you can't withdraw an offer upon learning the results, unless they show that the candidate cannot perform an essential function. The results of *any* physical exam must be segregated from other personnel files and kept confidential. Drug testing is allowed.

To be on the vanguard of hiring the disabled, ask how you could adapt the equipment or jobs of current employees to accommodate their impairments, which you may not be aware of. Also contact and build relationships with agencies that help disabled persons find jobs.

Two other methods of accommodation: job coaching and job carving. The first provides a disabled employee with a work-site coach. Carving a new job—with functions that a disabled person can handle—out of an existing job is another way to be proactive.

SBM's Cannata has found disabled workers to be both reliable and loyal. What's more, they've brought his business a wealth of tax credits through various federal and state programs. "We've been commended for our hiring," says Cannata, "but actually, it's been very advantageous for us."

—E. E. S.

PERFORMANCE

Bugging the Phones

BILL GRIMES, PRESIDENT of Travel Design, a start-up in Wyoming, Mich., had wanted to be less of an FBI agent and more of a coach to the 110 sales agents who worked for him at the Endless Vacation, a travel company he sold in 1990. So he allowed them to record their conversations with customers. Then, at the employees' initiative, those recordings were reviewed by the employee and a supervisor.

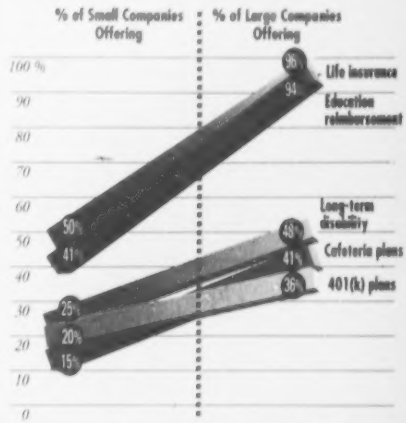
"About 25% of the agents took an interest in improving themselves," says Grimes, who plans to install the system at Travel Design. Letting employees monitor themselves, combined with

(Continued on page 102)

BENEFITS

Where Would You Rather Work?

McGladrey & Pullen, an accounting and consulting firm based in Anaheim, Calif., surveyed 214 companies—most of them with revenues of less than $10 million—to find out how their employee benefits stacked up against those of large companies. In general, half as many small companies offer what the large companies do.



Source: McGladrey & Pullen, Anaheim, Calif., 1990.

CHART: ROSS CULBERT LAVERY & RUSSMAN INC., NEW YORK

ACQUISITIONS

Leasing the Whole Company

IF YOU'RE HAVING A TOUGH time arranging the financing on an acquisition, here's one way to approach the deal with a minimum of outside financing. The idea: *lease* the business from the seller until you're able to finance it more conventionally. That's what Jack Dean is doing with Dean Custom Foods, a fruit-juice processor in North East, Pa., and the tactic could work in lots of settings.

Dean, the founder and retired CEO of Erie Creative Coatings (a onetime *Inc.* 500 company), had attempted to buy the new business last January. But when his partner dropped out, the purchase financing unraveled. Dean went to five different banks, but all wanted significant amounts of collateral. That was when his attorney suggested a "master lease."

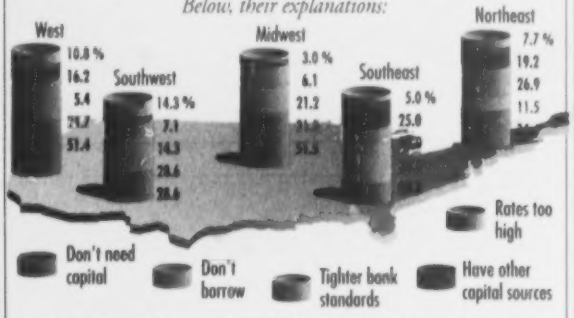
Under the master lease, Dean doesn't own the property on which the business sits or the equipment that makes it run, but in many ways, he says, it's hard to tell the difference. He has a five-year lease on the property and the equipment, and pays monthly rent of about $15,000. (The amount, Dean says, provides the lessor with an annual return of around 10% on his assets.) Beyond that, Dean is responsible for maintenance, utilities, and part of the insurance. Built into his lease is the right to buy the real estate and equipment for a predetermined price before January of 1994 (at which time the price will jump up).

So far, he's been able to more than double annual revenues to about $1 million and generate a "pretty healthy" profit. If that growth continues, he hopes to use the equity he builds toward purchasing the business. *—B. G. P.*

DEBT

Why Businesses Are Borrowing Less

A lot of people use the "credit crunch" to explain everything that's wrong with the economy. But tighter lending standards are just one reason companies are borrowing less from banks, according to a recent survey of small companies conducted by the AICPA. The survey of 2,000 private businesses with revenues of less than $25 million showed that about 40% of the companies had not borrowed from banks in the 12 months prior to the survey. Below, their explanations:



Source: American Institute of Certified Public Accountants, New York City, 1991.

COMMUNICATION

Learning from Rejection

WHEN FINANCING PROPOSALS get turned down, the natural tendency of most business owners is to lick their wounds and blame the myopic bankers or investors who can't see the potential. Partly out of embarrassment, few financing people will step forward with candid explanations of why the deal was rejected; and entrepreneurs are usually reluctant to ask.

But to let the whole matter slide is to miss an important opportunity, says George M. Dawson, a veteran banker and the author of *Borrowing for Your Business: Winning the Battle for the Banker's "Yes"* (Upstart Publishing, Dover, N.H., 1991). His advice: wait a day or two, then phone the banker to ask for a face-to-face meeting. Dawson, now an adviser to companies in San Antonio, says your chances of getting that meeting are "a little better than even." Here are some points that he recommends keeping in mind during the meeting:

- **Assure the banker that you're not trying to change his or her mind and that you respect the bank's decision.** Be calm and don't be critical, Dawson says, "even if it takes patience and self-control."
- **Ask lots of questions.** "Your goal is to learn what steps you need to take to make your company creditworthy. The best way to do that," he says, "is to ask questions and learn all you can about the credit weakness the bank sees in either your company or the presentation."
- **Solicit the bankers' advice.** "Lending is not scientifically accurate," notes Dawson. "You want to get the people who told you no to help you figure out what it will take to get a yes from someone else." If they can tell you how to rework your business plan or can offer specific suggestions (for example, lease a machine rather than buy it), you'll avoid a lot of needless head banging. *—B. G. P.*

CHART: ROSS CULBERT LAVERY & RUSSMAN INC., NEW YORK. ILLUSTRATION: NORMAND COUSINEAU

BUSINESS FOR SALE

MINOR-LEAGUE BASEBALL FRANCHISE

THE BUSINESS A Class A minor-league baseball team in the Southeast—a team so prized by its home city that the stadium is maintained for free. The franchise's 25 players are "free," too—paid and equipped by its major-league affiliate (in this case, a highly visible club). The rest of the operation includes seven full-time employees and up to 100 game-day workers. Revenues come mainly from ballpark concessions and novelties (42%), ticket sales (28%), and advertising (21%).

FINANCIAL SUMMARY

	1989	1990	1991*
Gross revenues	$887,000	$1.1 million	$1.2 million
Net profit before taxes & owner compensation	profitable**	profitable**	profitable**

* Projected

** Seller's brokers will not provide actual numbers. Buyers are cautioned to protect the seller's confidences.

PRICE $2.5 million to $3 million

OUTLOOK Minor-league franchises almost never make money operationally but almost always do when it comes time to sell. Baseball remains America's best-loved sport, and cachet begets cash—here in the form of consistent asset appreciation.

PRICE RATIONALE While major-league franchises sell for anywhere between one and two-and-a-half times gross, minor-league transactions often violate even those almost uselessly vague multiples. Reportedly, only two Class A teams have fetched more than $3 million; insiders say most go for between $1 million and $2 million these days. This team's sweetheart stadium lease, gross revenues, and consistently large draw make it a big hitter by minor-league standards. But the price still looks ambitious—few expect the owner will get it.

PROS Baseball clubs—even minor-league ones—are a limited resource, and as franchises go, this one is strong: great fan demographics, an excellent attendance record, and a perennially popular major-league affiliate. Besides, they're fun. Doesn't this opportunity speak to the George Steinbrenner, Bill Veeck, and Charles O. Finley in all of us?

CONS Judged strictly as a business, this enterprise—like every other baseball team—is overvalued. The real question for would-be buyers: how expensive do you like your toys?

—Alessandra Bianchi

***Inc.* has no stake in the sale of the business featured.**

The magazine cannot confirm the accuracy of financial or other information offered by the seller. Inquiries should be directed to Bob Richmond, 602-483-8224.

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